

**QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT
COMMITTEE**

ON

**MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE
ABUSE SERVICES**

SESSION LAW 2001-437

July 1, 2005 to September 30, 2005

This quarterly report is submitted to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC), pursuant to the requirements of Session Law 2001-437. This report is for the months of July 1 through September 30, 2005 and provides information on major developments as the Division implements reform.

Section I: Major developments for this quarter include:

- State Plan 2005: Blueprint for Change was published July 1, 2005.
- Patsy Christian was named the Director of the Central Region Psychiatric Hospital.
- Terry Stelle announced his retirement as the Director of Dorothea Dix effective October 1, 2005.
- William A. Rafter announced his retirement as the Director of the Julian F. Keith Alcohol and Drug Abuse Treatment Center (JFK/ADATC) effective October 1, 2005.
- Dr. Jim Osberg was named as the new Director at Dorothea Dix Hospital effective October 1, 2005.
- A total of 20 applications were received in response to the Safe and Drug-Free Schools and Communities Act fund request for application (RFA). The final awards will be announced on October 7, 2005.
- The Division began plans to reorganize the Whitaker School. The reorganization included transferring the 18 beds designated for services to students with mental retardation and mental illness (MR/MI) to a special MR/MI unit within the Murdoch Center and relocating the remaining beds to improved space administered by John Umstead Hospital.

Section II: Division Communications

1. Communication Bulletins #043, #044, #045, #046, #047 and #048

- Communication Bulletin # 043 announced the publication of State Plan 2005: Blueprint for Change.
- Communication Bulletin # 044 announced the policies and procedures for Endorsement of Providers of Medicaid Reimbursable MH/DD/SA Services.
- Communication Bulletin # 045 announced that the Centers for Medicare and Medicaid Services approved North Carolina's request for a new Home and Community Based Waiver for persons with mental retardation or developmental disabilities (CAP-MR/DD).
- Communication Bulletin # 046 announced the delay in the implementation of New Medicaid Rehabilitation Option Enhanced Benefit Services.
- Communication Bulletin # 047 announced the plan for transitioning from the current system under which most Medicaid covered services can only be billed by an Area/County Program to the direct enrollment of all Medicaid providers of mental health, developmental disabilities and substance abuse services.
- Communication Bulletin # 048 outlined how Mobile Crisis Management may be offered and reimbursed during the transition phase to new or modified enhanced services.

2. Systems Development

A joint transition planning initiative for children's services has been initiated between the Department of Health and Human Services and the Department of Public Instruction.

The Division continues to develop and implement the web-based NC TOPPS system for collecting outcome information on individuals receiving MH/DD/SAS services. In an effort to streamline this effort, the Division will be implementing new reporting requirements. Some of these new requirements include the discontinuation of the Olmstead Outcome instrument, the Mental Health & Substance Abuse Consumer Outcomes Inventory and the Early Intervention Consumer Inventory. The NC TOPPS system will be used to collect outcome information on individuals ages 6 and older who are receiving MH and/or SA services.

The implementation of the new CAP-MR/DD waiver has been initiated. There are two new services in the new waiver that do not crosswalk from the existing waiver. These two new services are Day Supports and Residential Supports. LMEs and Provider agencies who wish to provide the new service will need to add the services to their current CAP-MR/DD enrollment.

The Division began developing a "consumer-friendly" version of the CAP-MR/DD Manual (Community Alternatives Program for Persons with Mental

Retardation/Developmental Disabilities). This effort is designed to make the manual more readable and user-friendly for consumers, family members and the general public.

The State Consumer and Family Advisory Committee (SCFAC) presented its first Annual Report to Secretary Carmen Hooker Odom. Thirty-one Local CFACs have been established, providing direct feedback on systems concerns to the Local Management Entities throughout the State.

The Division has created an Advocacy Organization Database to further efforts to involve stakeholders in Division projects and work groups.

3. Merger of Local Management Entities

There were no local management entity consolidations during this quarter.

4. Services and Programs

Service Definitions:

As previously reported the federal Centers for Medicare and Medicaid continues to review the State Plan Amendment submitted in early 2005. Staff of the Division of Medical Assistance and the Division of Mental Health, Developmental Disabilities and Substance Abuse Services have met with CMS representatives from the Regional Office in Atlanta to provide additional information as needed. Once the State Plan Amendment is approved implementation of the new Enhanced Benefit services can be initiated.

Division Training

The Division of Mental Health, Developmental Disabilities and Substance Abuse Services, in conjunction with the Division of Medical Assistance, has begun providing training on the Medicaid Appeals process.

Waivers:

The Division developed a Waiver Transition presentation which is posted on the DMH website to assist providers and consumers with the implementation of the new CAP-MR/DD Waiver.

5. Financing

Mental Health Trust Fund:

The Mental Health Trust Fund continues to be used to assist in reform and community expansion. As of September 30, 2005, \$42,417,156 has been used for the following: bridge funding to Area Programs/Local Management Entities associated with hospital downsizing, hospital replacement planning, funding to Area Programs/Local Management Entities for Integrated Payments and

Reporting System (IPRS) conversion and Local Business Plan development, Olmstead assessments, training regarding reform and consultant contracts.

6. Public Outreach to Discuss System Reform

The Division had to cancel two information sessions that were scheduled during the quarter due to travel restrictions that were instituted by Governor Michael Easley due to the effects of Hurricane Katrina.

7. Rule Changes

The rule changes for licensure rules governing residential treatment and psychiatric residential treatment facility services, that were recommended by the Division and adopted by the Commission for MH/DD/SAS at its quarterly meeting in May, are still on hold. The Office of State Budget and Management is reviewing the proposed rules for fiscal impact.

New Residential Medicaid rates were proposed for level III and IV Residential Medicaid State Plan Services. A cost review with selected providers will be conducted and the proposed rates will be presented to the DHHS Rate Review Board for final approval. The actual effective date of the rates is dependent upon (1) securing Centers for Medicare and Medicaid (CMS) approval of the revised state plan amendment; and (2) obtaining approval of the new rules by the N.C. Rules Review Commission.

8. Developing Community Capacity

The Division initiated a Community Provider Survey for the purpose of obtaining input from providers on the challenges, concerns, and opportunities that they are currently experiencing, as well as what assistance the state could offer to encourage the growth of viable local provider communities. The results of the survey will be used by the Division to plan future initiatives and assist with the successful transformation of the MH/DD/SAS system.